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General Corporate Commercial

## Legal and Regulatory Requirements on Project Companies Concerning Environmental and Social Contribution

On 12 April 2021, the Ministry of Environment ("**MOE**") issued notification No. 550 on the Clarification on Payment of Environmental and Social Contribution of Investment Projects ("**Notification**"). The Notification aims to clarify the legal requirements concerning the payment of environmental and social contribution by companies with investment projects ("**Investment Projects**") which environmental and social impact assessment ("**ESIA**") reports have been approved by MOE. These companies will hereinafter be referred to as "**Project Companies**".

### Legal and Regulatory Requirements on Project Companies

The Notification provides a list of legal and regulatory directives and requirements Project Companies need to comply with including:

- **Submission of ESIA reports.** Any Investment Projects that are subject to ESIA shall conduct ESIA studies and submit the ESIA reports to MOE for approval. MOE will then examine and evaluate the ESIA reports, and the classification as well as qualifications of Investment Projects for the purpose of (i) identifying whether there is a requirement for the Project Companies to conduct/enter into a Comprehensive ESIA, an Initial ESIA or an environmental protection agreement; (ii) determining the conditions for environment management and the environmental protection agreement to be entered into with the Project Companies; and (iii) encouraging the payment of environmental and social contribution by the Project Companies in relation to which ESIA reports have been approved by MOE.
- **Classification of Investment Projects.** The classification, including specific types and sizes, of Investment Projects that are subject to a comprehensive ESIA, an initial ESIA or an environmental protection agreement, is set out in MOE Prakas No. 021 dated 3 February 2020.
- **Report on payment of environmental and social contribution.** MOE also requires the Project Companies or consulting companies to report on the payment of environmental and social contribution, the economic value analysis of the Investment Projects, and the extent of environmental damages caused by the activities of Project Companies, if any.

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MOE appeals to all Project Companies to strictly comply with the legal requirements, and request for the payment of environmental and social contribution to be made on a voluntary basis or depending on the size of environmental damages caused by activities of the Project Companies. In the Notification, MOE also disclosed the names of certain companies which have not fulfilled the obligation to pay environmental and social contribution. These companies often challenge MOE on such payments during public forums despite MOE's multiple attempts to clarify this issue on many occasions.

### **Usage of Environmental and Social Contribution**

An environmental and social foundation has been established for the sole purpose of effectively managing, utilising and controlling the environmental and social contribution of the Project Companies in order to restore and support the environment, conserve biodiversity and ensure a proper, sustainable and lively usage of natural resources. MOE clarified that the environmental and social contribution has been used for the following purposes:

- environment protection and nature resource management, conservation of biodiversity and ecosystems and subsistent living;
- restoration of the environment and improvement of biodiversity and ecosystems;
- research on environment, natural resources and culture, biodiversity and ecosystems;
- participation in the development of infrastructure and the improvement of the living standards of people living in and near the Investment Project areas or regions;
- participation in supporting the establishment and development of local communities;
- participation in supporting local community development projects, including providing micro-credit as working capital;
- education and public awareness about the environment, natural resources and culture, biodiversity and ecosystems;
- training of human resources for environmental and natural resources; and
- other activities related to the environment and natural resources.

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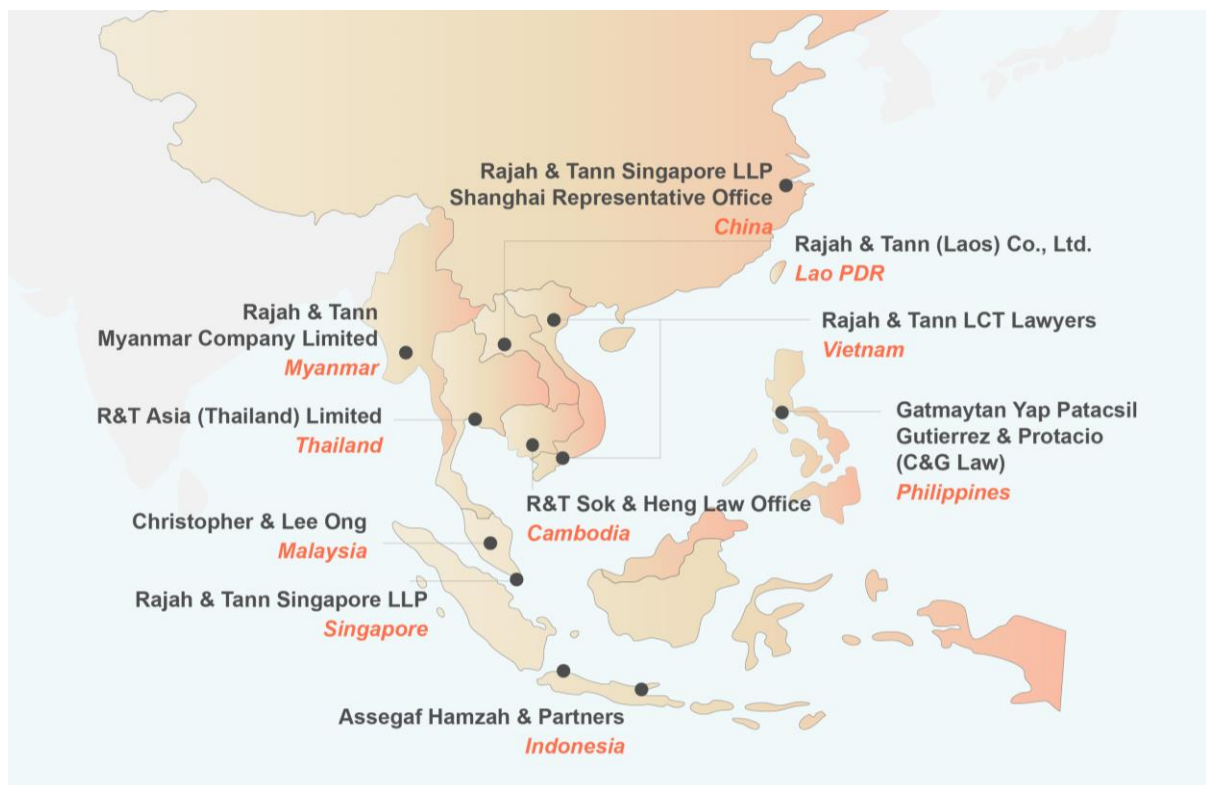
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